

**BEFORE THE TENNESSEE REGULATORY AUTHORITY AT**

**NASHVILLE, TENNESSEE**

**October 21, 2003**

**IN RE:**

**PRO FORMA TRANSFER OF CONTROL OF BUSINESS  
TELECOM, INC. D/B/A BTI TELECOMMUNICATIONS,  
INC.**

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**DOCKET NO.  
03-00468**

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**ORDER APPROVING TRANSFER OF AUTHORITY**

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This matter came before Chairman Deborah Taylor Tate, Director Pat Miller, and Director Ron Jones of the Tennessee Regulatory Authority (the "TRA" or "Authority"), the voting panel assigned to this docket, at the regularly scheduled Authority Conference held on September 8, 2003 for consideration of the Petition filed by Business Telecom, Inc. d/b/a BTI Telecommunications, Inc. ("BTI") for TRA approval of a transfer of authority to provide telecommunications services required under Tenn. Code Ann. § 65-4-113(a) & (b).

**Tenn. Code Ann. § 65-4-113**

Tenn. Code Ann. § 65-4-113 requires a public utility to obtain TRA approval to transfer its authority to provide utility services (also known as a "certificate of public convenience and necessity" or "CCN"). Tenn. Code Ann. § 65-4-113(a) reads as follows:

No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) provides the standards by which the TRA shall consider an application for transfer of authority, in pertinent part, as follows:

Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. . . .

### **The Petition**

In the Petition, which was filed on August 8, 2003, the Parties outline a transaction in which BTI's parent company, Business Telecom Corp., will become a subsidiary of ITC^DeltaCom, Inc. in order to streamline the holdings of WCAS, a consortium of commonly-owned investment companies<sup>1</sup> and the ultimate majority owner of BTI, as well as ITC^DeltaCom. Upon completion of the transaction, BTI will still be owned by BTI Telecom Corp. and will continue to be the holder of its CCN and the actual provider of telecommunications services, but ITC^DeltaCom will become a parent company of both corporations. Since the transaction will result in an indirect transfer of BTI's CCN to provide telecommunications services granted by the TRA on October 7, 1998 in Docket No. 98-00334, the Parties are seeking the TRA's approval.

According to the Petition, the transaction will be seamless to BTI customers and will result in no changes in the terms, rates, or conditions of service. The Parties contend that the transaction will enhance BTI's operational flexibility and cost efficiencies and allow the company to compete more effectively in the telecommunications market.

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<sup>1</sup> The consortium includes Welsh, Carson, Anderson & Stowe VIII, L.P., WCAS Capital Partners III, L.P., and WCAS Information Partners, L.P.

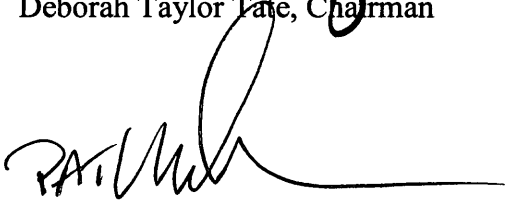
**The September 8, 2003 Authority Conference**

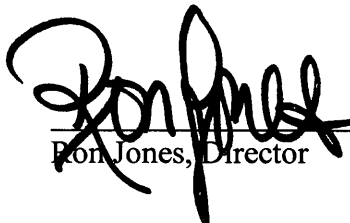
At the September 8, 2003 Authority Conference, the Directors voted unanimously to approve the Petition.

**IT IS THEREFORE ORDERED THAT:**

The proposed indirect transfer of BTI's CCN as described in the Petition and discussed herein is approved.

  
Deborah Taylor Tate, Chairman

  
Pat Miller, Director

  
Ron Jones, Director